



Presentation to the House Economic Growth Committee

Iowa Finance Authority

February 7, 2008





Iowa Finance Authority – “IFA”

- Created by HF 823 in 1975
- State “Instrumentality” & “Agency”
- Governmental & corporate powers
- No appropriation or taxing for operations
- Iowa Code Chapter 16
 - IFA obligations are payable only from specific revenues or asset pledges and do not constitute general obligations of the state



Mission & Vision

To finance, administer, advance and preserve affordable housing and to promote community and economic development for Iowans.

IFA will improve the quality of life for Iowans by providing affordable housing opportunities and financing community and economic development.



Organizational Structure

- Nine board members
 - Staggered, six-year terms
 - Appointed by Governor; confirmed by Senate
- Executive director
 - Appointed by Governor; confirmed by Senate
- Approximately 80 employees
 - Affordable rental production section
 - Compliance section (Section 8 and LIHTC)
 - Finance and investments (DAC, DBC, Bloomberg)
 - Legal Department (six attorneys)
 - Title Guaranty Division



Oversight



- Board of Directors
- Governor's Administration
- Legislature
- Market
 - Investors, Rating Agencies, Banks/Counsel
- Constituents
 - Developers, Non-profits, Advocates
- Audit by KPMG



Relationship With State

- **Appropriations:**

- FY04 \$800,000 for State Housing Trust Fund
- FY05 \$5 million for Senior Living Revolving Loan Fund
 \$2 million for HCBS Revolving Loan Fund
 \$1.05 million for Military Homeownership Grant Program
- FY06 \$2.0 million for Military Homeownership Grant Program
 \$1.4 million Transitional Housing for Substance Abuse
 \$200,000 for Entrepreneurs with Disabilities Program
 \$700,000 for HCBS Rent Subsidy



Relationship with State

- **Appropriations:**

- FY07 \$2.0 million for Military Homeownership Grant Program
 \$1.4 million for Transitional Housing for Substance Abuse
 \$200,000 for Entrepreneurs with Disabilities Program
 \$700,000 for HCBS Rent Subsidy
 \$4.0 million for Wastewater Treatment Program
- FY08 \$1.6 million for Military Homeownership Grant Program
 \$200,000 for Entrepreneurs with Disabilities Program
 \$700,000 for HCBS Rent Subsidy
 \$2.5 million for State Housing Trust Fund
 \$4.0 million Wastewater Treatment Program



Profitable Growth on Mission

- 2007 Housing Study
 - Continues on 2000 and 2003 studies
 - Identifies need for statewide housing policy
 - Workforce housing and housing quality
 - HousingIowa initiative with 2010 timeline
- Rating Agency Criteria
- Performance measures
- Automate program delivery
- Moving from IFA grants to below-market loans



Sustainable Loan and Grant Programs

- On mission
- Add value; original and address need
- Flexible terms
- User friendly
- Investment
- Affordable



Communication, Education & Facilitation

- Iowa Housing Forums (4) in 2005
- HousingIowa Conference in 2006, 2007 (annual event)
- Iowa Conference on Housing for People with Disabilities held in 2006
- Title Guaranty Conference in 2005, 2006, 2007 (annual event)



HousingIowa Collaboration



- Best practices; response to 2007 study
- Non-profits, associations, federal and state agencies
- Program delivery
- Impact in CY2007
 - \$385 million
 - 8,500 units



IFA is Unique

- Rating Agency analysis/rating key to compare with other HFAs
- Restructure programs to reflect IFA contributions and priorities
- 2004 Capital Adequacy Study as planning tool
- 2005 & 2006 Capital Adequacy Study updates; performing to plan
- 2007 Capital Adequacy Study; four-year plan



Affordable Housing Programs



Single-Family Programs



Homeownership Programs:

- FirstHome
 - first mortgage
- FirstHome Plus
 - grant and first mortgage
- Military Grant
 - grant
- RuralHome
 - soft second lien

Loan Programs:

- OurHome Rehab or
- NewHome Construction
 - Interim line of credit/loan
 - Patient capital
 - Low interest rate
 - Typical borrowers: public entity, non-profit developer



FirstHome Program

- **FirstHome**
 - Affordable mortgage financing for low- and moderate-income first-time homebuyers
 - 0/0 program (no origination fee, no points)
 - More than 100 active lenders across state
- **FirstHome Plus**
 - Down payment assistance up to \$2500
 - Available for those making up to \$46,480
- \$270 million of bonds issued in CY06
- \$295 million of bonds issued in CY07

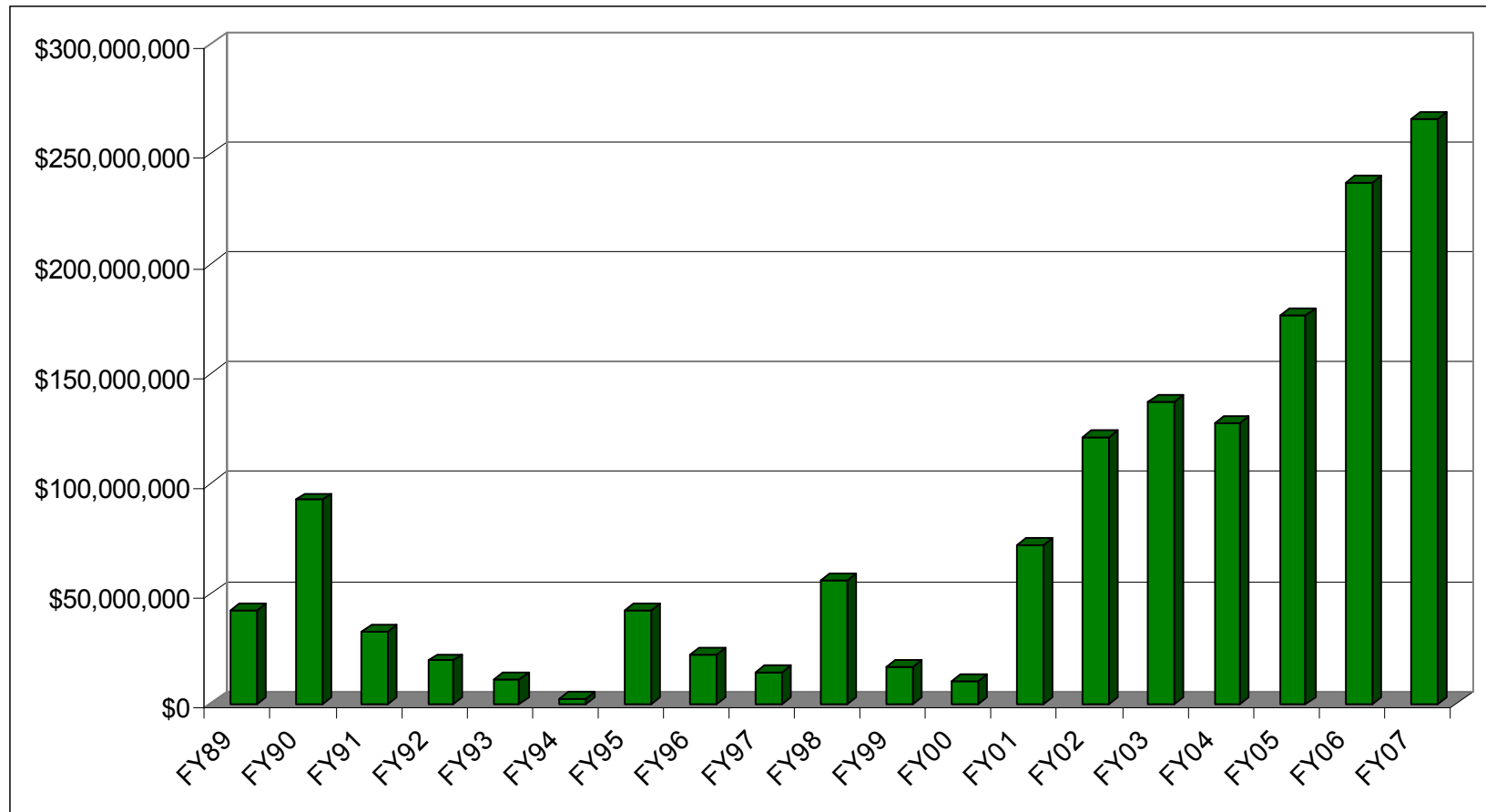


FirstHome Program

- 3,485 loans totaling over \$307 million in CY07
 - Average home price = \$91,381
 - Average borrower income = \$40,581
 - Average borrower age = 29



FirstHome Purchases 1989-2007





Military Homeownership Grant Program

- Military persons who have served 90 active duty days in support of the war on terrorism since 9/11/01
- \$5,000 matching grant
- Use for down payment or closing costs
- MUST be purchasing primary residence in Iowa
- IFA participating lender must close the loan
- No income limits
- No purchase price limits
- Do not have to be a first-time buyer
- \$5,221,634 in grant funds awarded to 1,215 military personnel



Multifamily Loan Program



- Began in FY03
- Direct lending, have closed approx. \$15.6 million in loans for 19 projects
- Closed two multifamily bond issues during FY07 – Prior IFA multifamily issue closed in 1995
 - \$6.475 million, refinanced two HUD 202 projects in October 2006
 - \$22.0 million, funded two 4% LIHTC projects in June 2007
- Board has approved an additional \$40 million
- IFA Board approved up to \$30 million revolving line of credit with Wells Fargo in August 2007
 - 9% LIHTC construction loan financing



Multifamily Loan Program

- **2006 IFA multifamily bond issue**
 - General obligation (GO) bonds, sold on strength of IFA's credit ratings
 - \$6,475,000 issued to refinance and rehabilitate two properties for elderly tenants
 - 131 affordable housing units
- **2007 IFA multifamily bond issue**
 - \$22 million of additional GO Bonds, used together with low-income housing tax credits
 - Acquisition and rehabilitation of 233 affordable units in Des Moines
 - New construction of 192 affordable units in Davenport



State Housing Trust Fund

- **SHTF success:**
 - \$7,654,702 awarded
 - \$5,687,202 to 16 Local Housing Trust Funds
 - \$1,967,500 to 20 Project-Based awards
 - More than 2,400 housing units impacted to date
 - 2008 SHTF awards goals:
 - 1,000 units LHTF
 - 150 units Project-Based
 - Leveraged local housing investment of more than \$103 million
 - Approximately \$13.50 leveraged for every SHTF dollar invested



Senior Living Loan Fund

- IFA awarded \$5 million appropriation in FY05 to establish revolving loan program
- To date, advanced \$3.7 million for new construction of assisted living facilities
 - \$1.7 million for Sioux City project
 - \$2.0 million for Waterloo project
- IFA Board committed remaining appropriation dollars to three projects expected to close in FY08



Home- & Community-Based Loan Fund

- IFA awarded \$2 million in FY05 to establish revolving loan program
- To date, IFA has funded \$1.36 million
 - Congregate meal facility in Adel
 - Adult day center in Marion



Transitional Housing Loan Fund

- IFA awarded \$2.8 million to establish transitional housing revolving loan program
 - \$1.4 million in FY06
 - \$1.4 million in FY07
- IFA Board has committed entire FY06 award
 - Two projects
 - To date, \$1.4 million funded for new construction of transitional housing facilities



Low-Income Housing Tax Credits

- 1987 to 2007: 542 projects
 - 2007 Round: \$5,363,448 (value \$53,634,480)
 - 14 projects: 593 total units
- 18,238 Low-Income Units
- 19,456 Total Units
- Total tax credit investment = \$829,718,460



Iowa Council on Homelessness

- **Provide administrative support to the Iowa Council on Homelessness**
 - 36-member public-private partnership to address the needs of homeless Iowans
 - Drafts and approves the statewide plan to address homelessness and annual action plan
 - Collects data on all persons receiving homeless services; and once per year performs a “point-in-time” study to capture a complete homeless count (sheltered and unsheltered)



Rent Subsidy

- **Home- and Community-Based Services Rent Subsidy**
 - Appropriated \$700,000 annually
 - Applicants are eligible for Medicaid waiver health-related services
- **Aftercare Rent Subsidy**
 - Administer on behalf of Department of Human Services
 - Applicants are ages 18 to 21, and have aged out of the foster care system



Title Guaranty Division



Title Guaranty Division

- **Mission**
 - Provide guaranties of Iowa real property titles to facilitate mortgage lender's participation in secondary market and add to the integrity of the land-title transfer system
 - Support IFA housing programs from funds not required for operating expenses and reserves

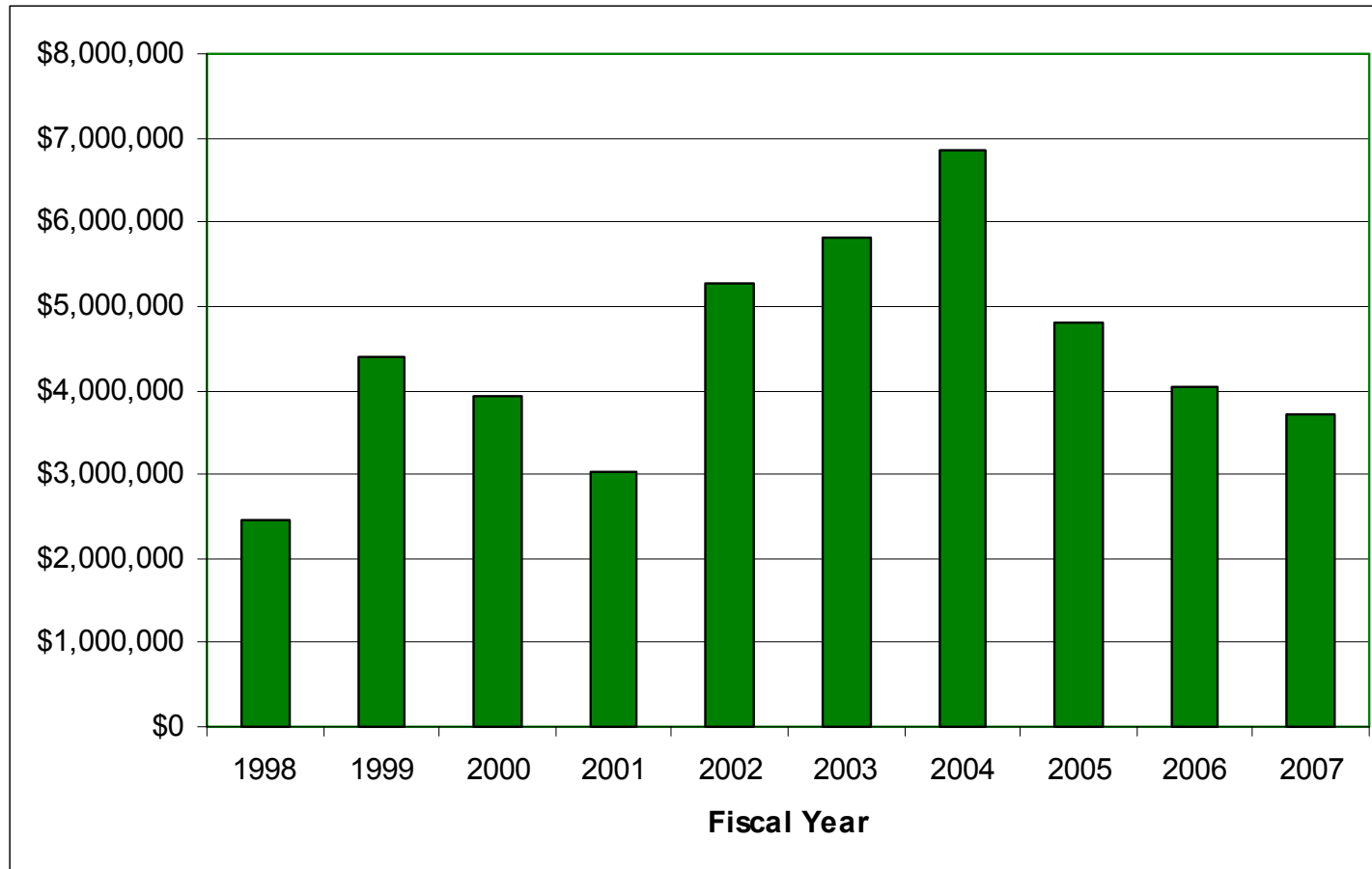


Title Guaranty Division

- Issued 36,445 certificates in FY07
 - FY07 premiums = \$3,703,858
 - FY07 transfers to IFA = \$1,665,000
- Total transfers to IFA = \$40,080,000
- Revenues support FirstHome Program
 - FirstHome Plus down payment grants
 - Cost of bond issuance



Title Guaranty Gross Premiums





Water Quality Programs



State Revolving Fund Program

- **Federal government annually awards capitalization grants to each state**
 - State must match cap grants with 20%
 - IFA issues bonds for state match
 - State match bonds are repaid by the interest on the drinking water and wastewater system loans
- Eligible borrowers: cities, counties, sanitary districts, rural water associations and municipal utilities that own and operate wastewater and drinking water systems



State Revolving Fund Program

- **SRF Loan Terms**
 - 3% interest
 - 1% loan origination fee
 - .25% annual servicing fee
 - 1.10 debt coverage
 - NO RESERVE REQUIREMENT
 - Up to 30-year term for all CWSRF loans
 - Up to 30-year term for “disadvantaged” communities for DWSRF loans (same criteria as CDBG)
 - Bonds can be either Revenue or GO
 - Removing 10-year call provision



State Revolving Fund Program

- **Planning & Design Loans**
 - 0% interest for up to 3 years
 - Used to pay for engineering, testing, etc
 - Tends to be 10% – 15% of total cost
 - First DW P&D loan closed December 2005
 - First CW P&D loan closed March 2006
- **To date**
 - \$7,445,755 DW P&D loans closed
 - \$16,276,569 CW P&D loans closed



State Revolving Fund Program

	Clean water	Drinking Water
Total Federal Cap grants awarded	\$ 327,708,825	\$134,599,500
Total Federal Cap grants received	\$ 315,857,091	\$119,810,786
State Match bonds issued	\$ 63,913,565	\$25,763,940
Total Executed Loan Agreements	\$560,104,944	\$233,164,555
Total assisted disbursed	\$507,640,431	\$212,546,227
Cumulative Funds available	\$629,755,663	\$240,831,404
Current loan portfolio	\$311,823,509	\$184,363,226
Current loans - construction	354	173
Current loans – P&D	28	18
Average loans made – last 3 years	\$49,399,667	\$32,403,667
Average loans made – last 5 years	\$43,084,200	\$33,640,800
Fund capacity	\$100,000,000+	\$60,000,000+



Wastewater Treatment Financial Assistance Program

- \$4 million appropriated in FY07 and FY08
- Intent is for \$4 million each year for 10 years
- The requirements to receive funding are:
 - Population is less than 3,000
 - Population served is considered disadvantaged
 - Improvements are a result of the new water quality standards adopted in 2006



Financial Performance



IFA Credit Rating

- Rated AA- by Standard & Poor's
 - Positive outlook
- Rated Aa3 by Moody's Investors Service
 - Positive outlook
- Rating opens new doors with securities, lenders, HUD and investors



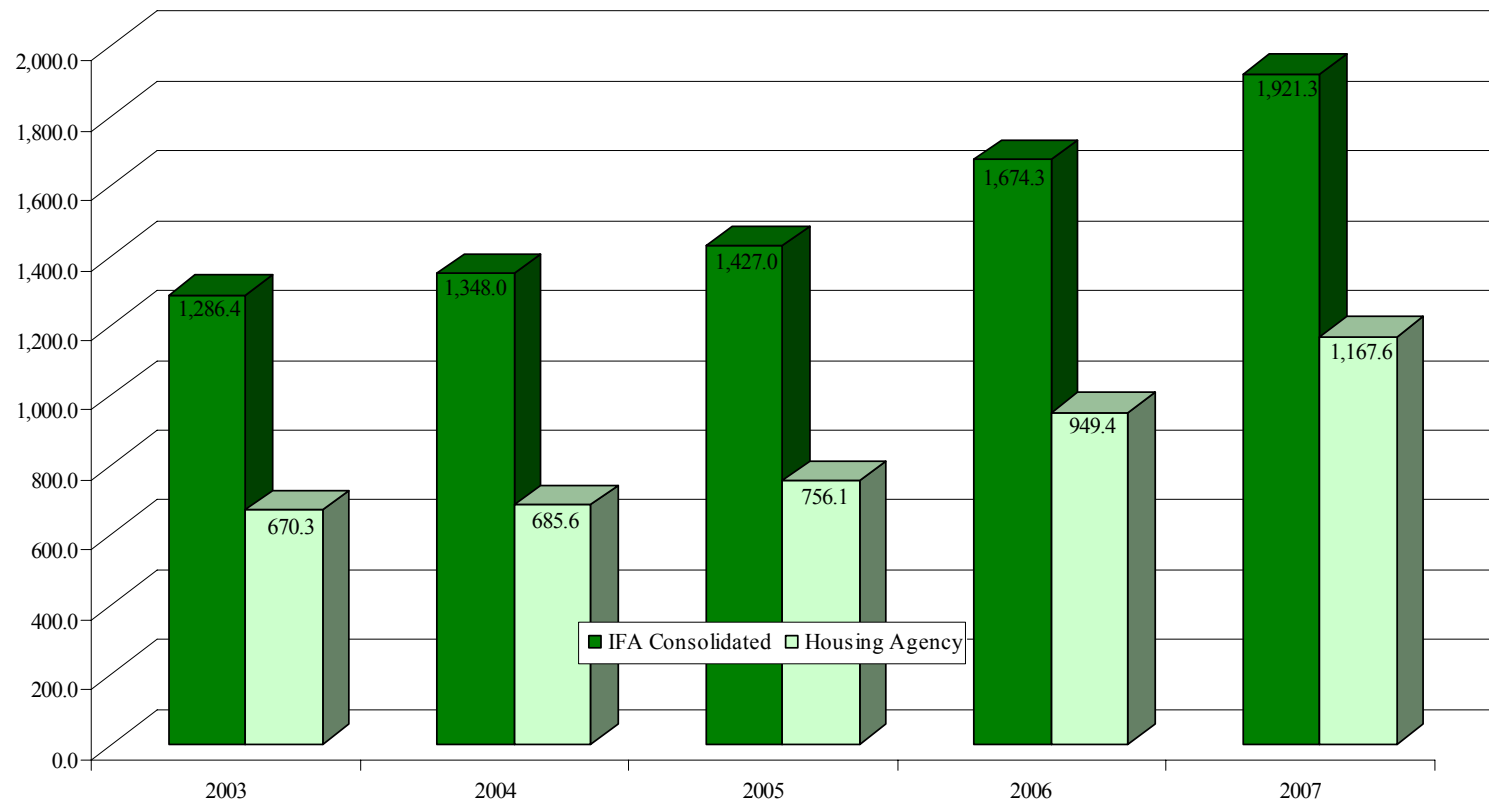
AA- / Aa3 Rating Factors

- High quality/low-risk composition of assets
- Sound financial operations with steady financial profitability and earnings
- High debt rating and minimal general obligation debt exposure
- Strong and stable authority management
- Clear indications of state support for mission
- Stable economic performance of state



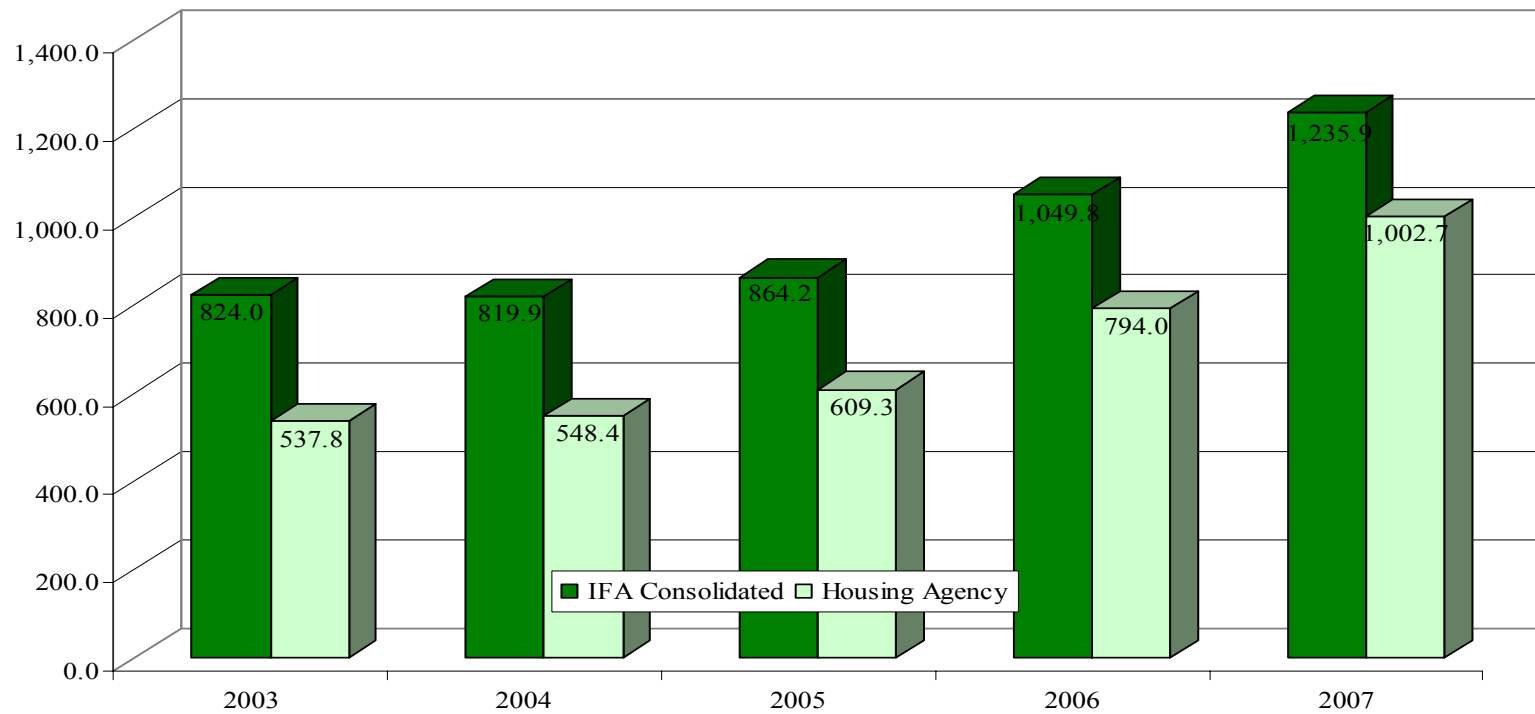
Total Assets*

Compound Annual Growth Rate - Housing Agency 15%
* Excludes GASB 31 "fair value adjustment for Investments

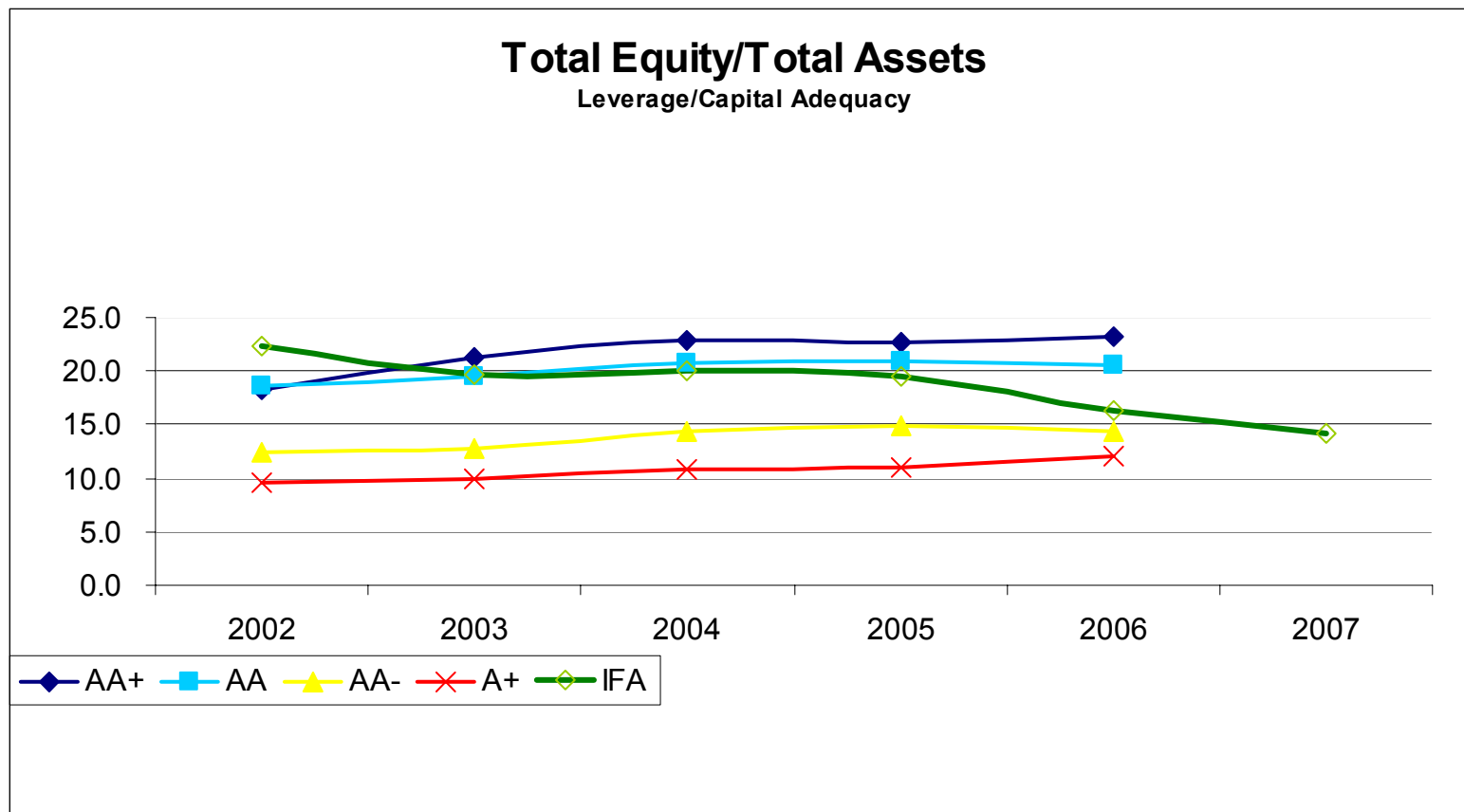


Total Liabilities

Compound Annual Growth Rate - Housing Agency 17%

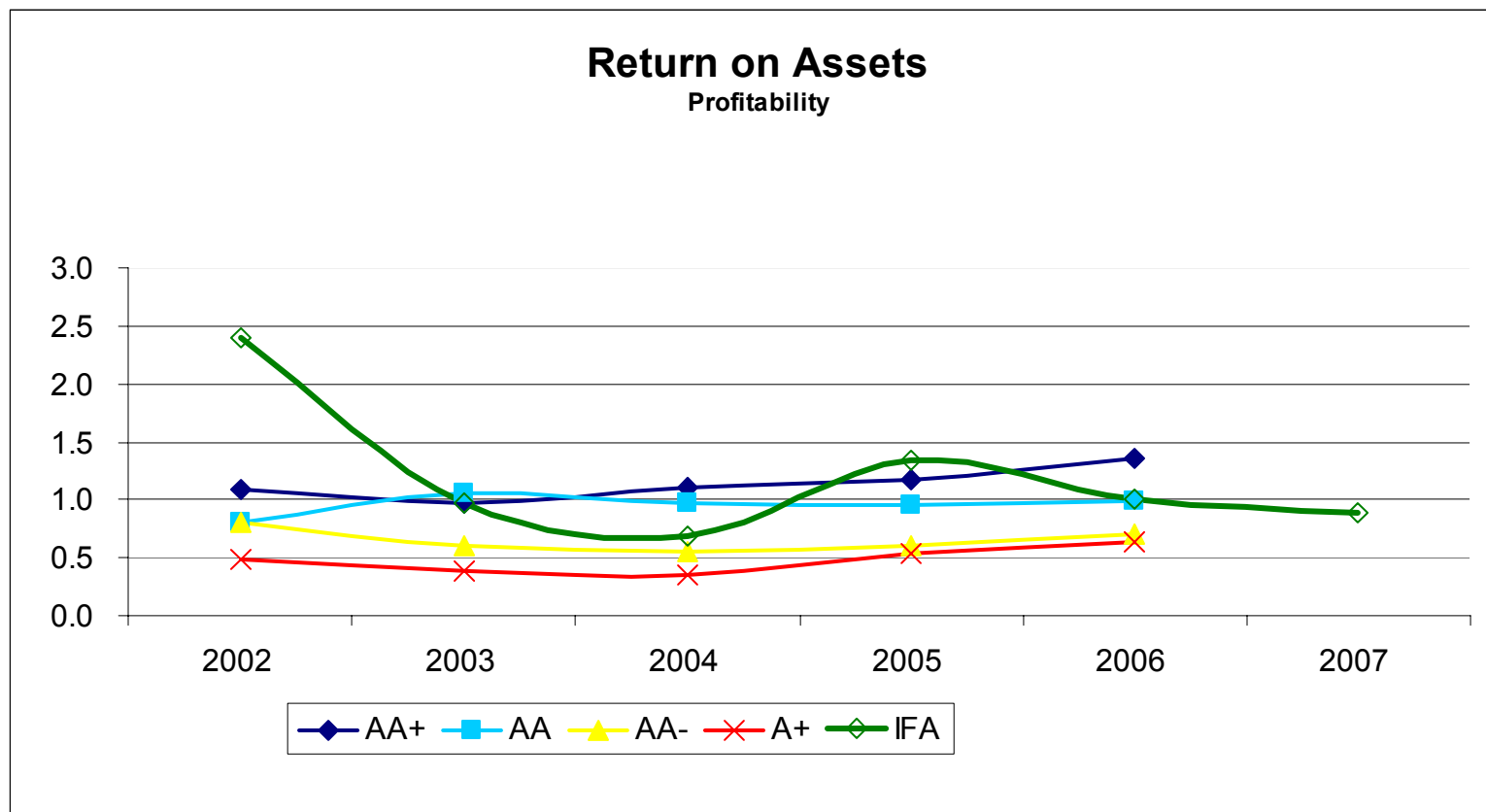


Total Equity / Total Assets





Return on Assets





Total Loans/Total Assets

